

0002 80370121
TASK 2945
cc: Paul

UTAH ENERGY CORPORATION

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March 26, 2008

State of Utah
Department of Natural Resources
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

Attn: Paul Baker

Re: Response to Deficient Notice of Intention to Commence Small Mining
Operations, Utah Energy Corporation, Daneros Mine, S0370121, Task 2556

To Whom It May Concern:

Attached is a hard copy of the information we sent to the BLM in response to their
"Plan of Operations Not Complete" Letter and the State of Utah e-mail requesting
additional information.

Please insert the information in your "Notice of Intention to Commence Small Mining"
binder.

If you have any questions, please contact this office at your earliest convenience.

Sincerely,



Ruth Ann Smart
Compliance

Attachments-2 packets: 1 original, 1 copy

RECEIVED

MAR 31 2009

DIV. OF OIL, GAS & MINING

0002

BLM Claim Numbers UMC 354035-354039 and UMC 371581

Utah State Lease Number(s): _____

Name of Lessee(s): Utah Energy Corporation

7. **Have the above surface and mineral owners been notified in writing?**

Yes ☒ No ☐

If no, why not?

8. **Does the Entity have legal right to enter and conduct mining operations on the land covered by this notice?** Yes ☒ No ☐

II. **PROJECT LOCATION & MAP (Rule R647-3-105)**

1. **Project Location & Map (legal description):**

County: San Juan

NE ¼ of SW ¼ and the NW 1/4 of SE 1/4; Section: 6 Township: 37S Range: 16E

UTM East 571423 (if known) UTM North 4161110 (if known) Zone **12 S (NAD83)**

Name of Quad Map for Location: FRY SPRING

2. **Location and Operations maps** (Attached per Table of Contents)

a. **general location map:**

b. **operations map:**

3. The proposed (5 acre or less) disturbed area (including access/haul roads) should be marked in the field ON THE GROUND with metal T-Posts (or with some other marker of equal effectiveness). Markers should be appropriately spaced so that the next marker in either direction is clearly visible with the naked eye.

Proposed disturbed area will be marked upon notification of impending site inspection.

3. For reasons of public safety it is proposed to divert Bullseye Canyon public traffic onto CR D5319 at 570565E 4160671N (37° 35.424 W110° 12.043) and E571247E 4161284N (N37° 35.753' W110° 11.576) near the area of mine operations. This would result in restricting public access from a 3,160 feet portion of CR D0029 between 570725E 4161105N (N37° 35.658' W110° 11.931') and E571247E 4161284N (N37° 35.753' W110° 11.576) over the period of mine operations. Access to the restricted section would be restored once mine operations cease.
4. Safety signs will be posted at the entrance to the mine area. Directional signs will be placed on CR D5319 to provide clear direction away from the mine area. San Juan County Road Department has agreed to post a sign approximately 100 yards in from Highway 95 on CR B258 road which will notify the public of increased truck traffic.
5. Fill material that will be used in the low water crossing will be un-mineralized waste sandstone material from the drift (referencing Item R, Map "Grading, Drainage and Survey Control Plan"). No topsoil or mineralized rock will be used.

E. Waste Disposal (Item C, C-1)

1. Waste material is the same as the material that currently exists on the surface. This material will be reclaimed in place at a 2:1 slope.
2. Enough space is available to deposit calculated volumes of waste material on site as outlined.
3. Amount of unknown ore development waste will be backfilled in worked out slope in mine.
4. SWPPP as presented by SWI (Plan 10-A, 10-B).

F. Bats

1. Appropriate presence/absence surveys for bats will be conducted in an existing mine opening following the Utah Division of Oil, Gas, and Mining's Internal Mine Bat Survey Protocol. Bat surveys will be conducted before the winter roosting season.
 - a. If surveys yield negative results for occupancy, the existing mine opening will be covered with the appropriate closure.
 - b. If surveys detect occupancy in the existing mine, an exclusion process approved by the BLM Monticello Field Office would be conducted until the mine is no longer occupied by bats. Then the existing mine opening will be covered as indicated above.
2. New openings created by the proposed action will not be left open during inactive mine periods. Any openings will be closed with the appropriate closure defined by the BLM Monticello Field Office to avoid bat colony establishment.

G. Water Services

1. Water well will be drilled in the mine/office area next to the pressure holding tank (see Plan 6). The well will be drilled to the Cutler White Rim Aquifer (Fry Canyon Store well is also located in the aquifer). Quality is unknown, but water will be used only for mine operations and dust suppression. Well will be located at N46460867 ft, E1873125 ft with an estimated depth of 400 feet and diameter of 6 inches. Drilling application is presently pending. 400 foot water well is 300 feet + / - below the proposed mine

strippable soil. If average soil depths of 12.5 inches and 7.5 inches are assumed over the .37 acre area of soils, the volume of soil available for stripping and stockpiling would total 1217 bank cubic yards (bcy). These soils are from previously undisturbed areas. Topsoil will not be stripped from the topsoil stockpile area. Stockpile heights have a maximum height of about 10 feet due to land area limitations.

4. Soil stripping will be performed using a tracked dozer, although a front-end loader may also be used. Stockpiles will range from 6 to 10 feet in depth. Equipment will not be allowed to cross over the piles so that compaction is minimized. The topsoil pile locations, depicted on Plan 6, are to be emplaced above the peak flood zone defined by the Hydrology Survey (Item R) and protected from erosion by four foot high bunds constructed from near-surface portal development waste to minimize erosion losses. Berms will be established on the margins of the ore storage area and the services area to prevent surface run-off from the mine operations area and roads from intersecting the topsoil piles.
5. Topsoil piles will be contoured, furrowed, and broadcast seeded in late fall with the Reclamation Seed Mix (see Item H) to maintain soil viability and prevent surface wind and water erosion. Vegetation success on the stockpiles will be monitored and stockpiles will be reseeded where vegetation is sparse.
6. Before waste is deposited at designated waste pile site the toe of the existing hill will be stripped of the talus for approximately nine feet, starting at the toe and tapering upwards at a 1:1 slope for 16 feet to zero. This excavation will be 200 feet in length, beginning at the proposed West end of the waste pile (see Item C-1, Cross section 6+50W) and terminating at the proposed East end (see Item C-1, Cross section 4+50W). This material will be stockpiled, labeled as "stockpile II" on Plan 6, on the sloping bench East of the ore pad.

L. Buildings and Services (Plan 6)

1. Shop building will be 30' x 40' built on a concrete slab. Office will be 8' x 40' also built on a concrete slab. Portable bathrooms, showers and locker buildings will be provided onsite. Buildings will be painted in colors that blend with the surrounding area.
 2. Drinking water will be provided in sealed, 5-gallon water containers from Culligan Water Company. It will be transported to the site by the contractor's equipment and will be provided in quantities and frequencies as determined by usage.
 3. Shower water will be transported to holding tanks supplied by Prairie Dawg Portable Services.
 4. Chemical toilets will be provided and serviced by Prairie Dawg Portable Services.
- M. A 2000 gallon fuel storage container will be onsite and will be placed within containment designed for 200% proposed spillage plus 100 year, 6-hour rain event. Tank will be located 110 feet from portals. (Item F and Plan 6). A copy of the SPCC plan will be posted at or near the fuel storage container and in the shop area.

N. Oils and Chemicals

Oils, lubricants, and any chemicals will be stored in a locked partitioned area within the shop building, denoted "SHOP" on Plan 6 according to a written hazard communication